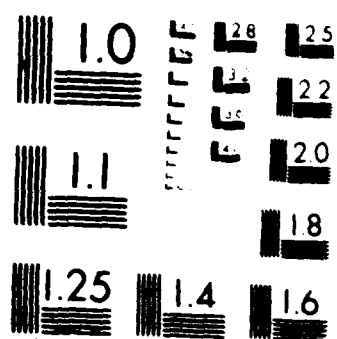


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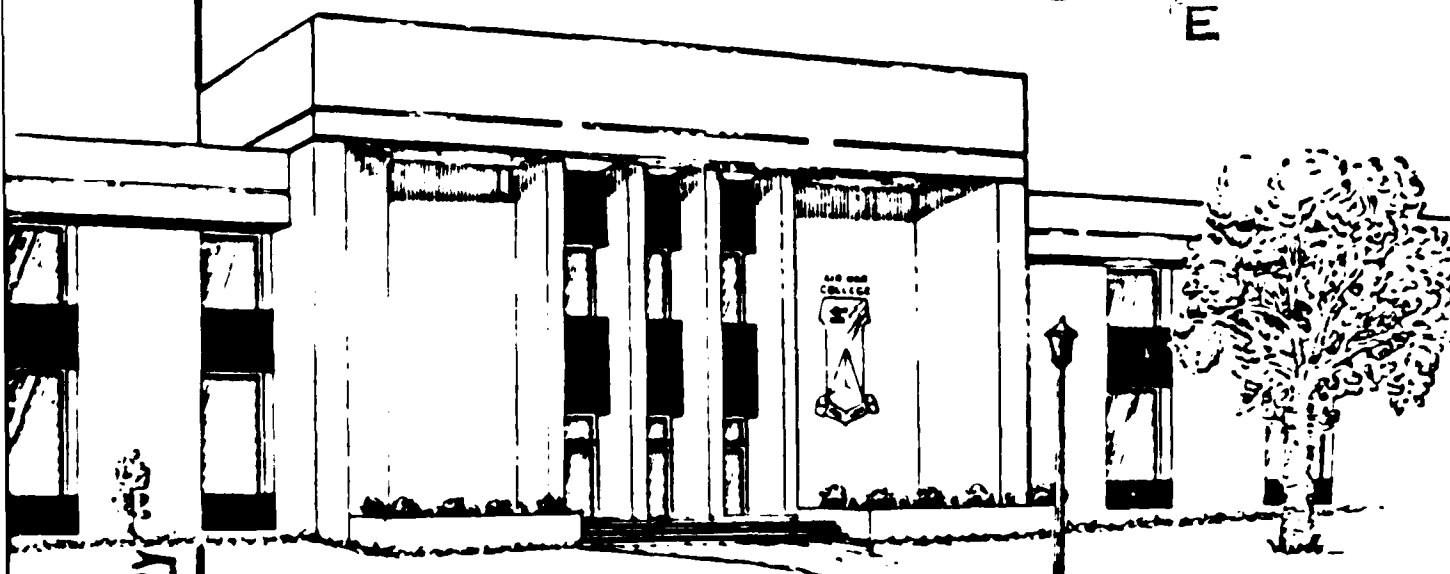
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SUBIC BAY NAVAL BASE AND
CLARK AIR BASE
STRATEGIC ASIA-PACIFIC ASSETS

By COMMANDER MICHAEL F. WINKLER, USN

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SUBIC BAY NAVAL BASE AND

CLARK AIR BASE

STRATEGIC ASIA-PACIFIC ASSETS

MICHAEL F. WINKLER
COMMANDER, USN

A RESEARCH PAPER SUBMITTED TO THE FACULTY
IN FULFILLMENT OF THE
RESEARCH REQUIREMENT

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MAY 1986

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AIR WAR COLLEGE RESEARCH REPORT ABSTRACT

TITLE: SUBIC BAY NAVAL BASE AND
 CLARK AIR BASE
 STRATEGIC ASIA-PACIFIC ASSETS

AUTHOR: Michael F. Winkler, Commander, USN

 An examination of the importance of Subic Bay Naval Base and Clark Air Base in light of internal and external influences acting on the nations of the Asia-Pacific region. Additionally, the policies of former Philippine President Ferdinand Marcos are reviewed in order to forecast the likelihood of the United States retaining access to these facilities. Alternate locations for the functions of Subic and Clark are also explored.

BIOGRAPHICAL SKETCH

Commander Michael F. Winkler was born in Seattle, Washington, and subsequently moved to San Diego, California where he obtained a BA degree from San Diego State College. He attended the Navy's Aviation Officer Candidate School in August 1969, was commissioned February 1970, and received his wings in April 1971. He has one fighter and three attack squadron tours coupled with deployments to the western Pacific and Indian Ocean on board the following aircraft carriers: USS Coral Sea (CV43), USS Kitty Hawk (CV63), and USS Constellation (CV64). He is a graduate of FUPGUN (Naval Fighter Weapons School) and LAWES (Light Attack Weapons Employment School). Additionally, he managed the F-20 Out-of-Control program for the Navy's west coast fighter and attack squadrons. His last three years were spent at Nas Lemoore, California with VA 122 and VA 146. During his tour with VA 146, he served as the Operations Officer and Maintenance Officer. Commander Winkler is a graduate of the Air War College, Class of 1986.

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1. INTRODUCTION

The purpose of the United States national strategy is deterrence; should deterrence fail this strategy relies on forward defense and allied cooperation to bring about war termination on terms favorable to the United States and its allies. Although the principle of forward defense is not new to the Asia-Pacific region; its present application to that area is in jeopardy should the United States lose Subic Bay Naval Base and Clark Air Base in the Republic of the Philippines.

These bases are the buttress of U.S. military power in the region, and in turn enhance political and economic exchange with Japan, the Republic of Korea, Taiwan, and the countries that make up the Association of South-East Asian Nations (ASEAN) which include the Republic of the Philippines, Indonesia, Malaysia, Singapore, Thailand and Brunei. As Assistant Secretary of Defense for International Security Affairs, Richard L. Armitage said, " their location [Subic and Clark] astride the vital Pacific sea-lanes, plus their unmatched facilities makes them an unsurpassable combination." (1:33)

Without the military facilities of Subic Bay Naval Base and the tremendous complex that makes up Clark Air Base, the U.S. position of forward defense is weakened and

its allies in the region isolated and the possible object of Soviet intimidation and adventurism. It is not the mere presence of the United States in the Asia-Pacific region, and specifically the Philippines, that provides a measure of security to the region, but the strength and depth of that presence at the Subic Bay Naval Base and Clark Air Base and their strategic geographic positioning.

4

The present economic, political and military situation in the Asia-Pacific region will be examined with an emphasis on the Philippines. In particular, the policies of former Philippine President Ferdinand Marcos will be explored. This examination of the former president is not meant to specifically highlight any shortcomings he may have had in the administration of the Philippines, but to point out the vulnerability of the bases to Philippine politics in general. Given this vulnerability, alternate locations will be explored for the functions of Subic and Clark.

II. ASIA-PACIFIC OVERVIEW

C. Military Factors-

The greatest threat to Asia-Pacific regional stability is from the Soviet Union and the states of Vietnam and North Korea. Additionally, the military balance of power has been shifting against the United States and its allies during the past decade. The Soviet Union has improved its overall military capabilities with more modern and improved ships, aircraft, and theater intermediate range ballistic missiles. The Soviet Pacific Fleet is now the largest of their naval forces. These forces are actively employed, particularly surface combatants, submarines, and strike aircraft, and operating in the South China Sea, Yellow Sea, and Sea of Japan.

The Soviets have, by the Treaty of Friendship and Cooperation with Vietnam, in 1978, taken a page from U.S. strategy of sustained forward deployment with the use of Cam Ranh Bay in Vietnam for both naval and air units. On a daily basis 20 to 30 surface and sub-surface combatants operate in the South China Sea, which is double the naval forces present two years ago. Supplementing their naval inventory are up to 20 Bear and Badger aircraft capable of strike, reconnaissance, electronic warfare, and antisubmarine missions. A dozen Flogger fighter-interceptor

aircraft provide an all-weather air defense for ships and aircraft in the area. (2:14) The following, extracted from Soviet Military Power 1985, succinctly stated the strategic importance of this facility,

14 Development of Cam Ranh Bay, Vietnam, into a Soviet facility of increasing importance has allowed the Soviets to sustain the growth of its naval and air forces in the South China Sea. The adjacent air base . . . provides the Soviets with strategic geographic positioning from which to follow U.S. operations in the South China Sea, Indian Ocean and Pacific Ocean. Operating from this base, Soviet air and naval units could strike U.S. military units and bases in the Pacific as well as interdict sea lines of communication in the South China Sea. Soviet signal intelligence facilities in Vietnam, combined with reconnaissance aircraft operating from Cam Ranh Bay, provide Soviet military forces with significant capabilities in peacetime or wartime to monitor U.S. military activities in South-East Asia and the Pacific. (3:118)

15 With their expanded regional military capabilities in Vietnam, the Soviets may be less reluctant to go beyond a show of force in the Asia-Pacific region and more likely to have a military confrontation in that area. As Commander Joseph A. Sestak, USN, stated,

16 Southwest Asia has appeared at times as a . . . likely area for a [U.S.] confrontation with the Soviet Union. Although Soviet planners may desire Europe, control of the oil fields in the Middle East would give the Soviet Union tremendous power--not only over Europe, but Japan as well. Both allies are heavily dependent upon these oil fields for energy, and a Soviet military venture into Southwest Asia would pose significantly less military risk to the Soviet Union than one in Europe, or Japan. (4:71)

17 Vietnam, for its part, has continued its military

growth unabated after the U.S. left Vietnam, to the point where they possess the fourth largest army in the world. Only China, the Soviet Union and the United States have more men in uniform. Their forces are broken down as follows: 60,000 Border Defense; 500,000 People's Regional Defense; and 1,000,000 People's Self Defense Force. In addition, there are 1,500,000 personnel in the Armed Youth Assault Force. The Vietnamese navy, although not as formidable as their army, is nonetheless a potent force. It consists of the following: 6 frigates, 10 fast attack craft with Styx missiles, 17 ex-Chinese fast attack craft, 25 patrol boats, 9 coastal boats, and 6 LSTs. (S:18)

Meanwhile North Korea continues its massive military expansion and modernization program despite a large sacrifice to its economy. As the former Commander-in-Chief U.S. Pacific Command, and present Chairman of the JCS, Admiral William J. Crowe, USN, stated,

8 North Korea enjoys a clear numerical advantage over the South in almost every aspect of combat strength. The North Korean armed forces total approximately 880,000. Over 700,000 personnel constitute the regular Army. There are also about 100,000 special purpose troops, comprising the world's largest unconventional warfare force. North Korean Army doctrine concentrates on mobility and firepower, employing Soviet tactics of thrusts by armor, complemented by special force operations in the rear areas of the enemy. Currently, North Korea is estimated to have approximately three times as many tanks and assault guns as the South.

The North Koreans are also placing emphasis on developing mobile, combined arms forces, and they have

recently relocated a number of these units closer to the DMZ. The end result is that the North's capability to stage a surprise attack has been considerably enhanced. . . . Additional new aircraft and naval vessels have further enhanced their combat capabilities. The increase in scale, tempo, and offensive nature of recent exercises also raises questions regarding North Korean intentions. (2:12)

9 ASEAN countries are aware of these numbers and the Soviet buildup, but were unsure of the United States involvement and commitment in Southeast Asia after the fall of the Saigon government. Prior to the Soviet invasion of Afghanistan in December of 1979 and the election of President Reagan in November of 1980, Singapore's First Deputy Prime Minister, Dr Goh Keng Swee, stated the following,

10 Not one of the ASEAN states believes it can depend on military intervention by the US should a Communist power mount aggression either directly or by proxy, first in Thailand and later against peninsular Malaysia and Singapore. The US does not appear to have recovered from the trauma of Vietnam. Although the Seventh Fleet possesses the strongest conventional sea and air power in the area, ASEAN leaders do not believe that this power will be exercised when it is most needed. It is therefore not regarded as a credible deterrent against Vietnamese [or Soviet] military expansion. (6:8)

11 This view has been moderated to some extent by the high priority the Reagan administration has given to the Asia-Pacific region. As the Secretary of Defense, Casper W. Weinberger, stated, "We recognize the vital importance of East Asia and the Pacific; it is vital for us to remain a Pacific power; and we view the cooperation of our regional

friends and allies in the Pacific as essential to secure our common interests." (7:3) He goes on to say the five "pillars" of U.S. defense policy in the region are the U.S. security relationship with Japan, the commitment to stability on the Korean peninsula, the building of an enduring relationship with the People's Republic of China, the continued support of ASEAN, and the maintenance of the long-standing partnership with Australia and New Zealand. (7:3)

Nonetheless, the Asia-Pacific community's confidence in the United States' ability to deter Soviet, Vietnamese and North Korean aggression rests on the capability of U.S. forces located in the Philippines. As former the Commander-in-Chief U.S. Pacific Command, Admiral Maurice F Wiesner, USN (Retired), stated, "these nations [ASEAN] are at least privately quite outspoken in support of our two bases in the Philippines." (8:42) Without the Subic Bay Naval Base and Clark Air Base, the United States' presence in the Asia-Pacific region would be hollow indeed.

51 B. Economic Factors-

52 The mosaic of nations in the Asia-Pacific region, where more than half of the world's population lies, has rapidly emerged as the greatest trading partner of the United States. U.S. foreign trade in 1983 with the Asia-Pacific region was one-third of all our foreign trade and has exceeded the total of all Europe since 1970, and is, in fact, growing more rapidly than any other area. Japan, of course, is the United States largest overseas trade partner with more than \$60 billion exchanged in 1984. (8:39) As the U.S. State Department Under Secretary for Political Affairs, Michael H. Armacost, stated,

53 Our trade with the region is immense. Preliminary data indicate that, in calendar year 1984, U.S. exports to the East Asia-Pacific region were valued at \$54.6 billion; our imports from that region, \$114 billion (actual figures for total U.S. trade in the Asia-Pacific area, were \$174 billion; a 27% increase from the previous year (8:39)). U.S. investments in the Pacific are conservatively valued at over \$30 billion. (9:34)

54 In addition, the Asia-Pacific economies have, year-in and year-out, displayed great resilience to problems affecting global economics. Nonetheless, problems with oil supply to the region affect the area greatly. A majority of all Middle East oil transits the Indian Ocean with a major portion of that oil subsequently passing through the Straits of Malacca destined for Asia-Pacific markets. Fully 60 percent of Japan's and 65 percent of the Philippines' oil

consumption is dependent on that flow. Australia and New Zealand are vulnerable also; although not to the same degree, receiving 15 percent and 12 percent respectively from the Middle East region. (8:39)

Other points to consider: the bulk of the Soviet Union's Pacific and East Asian logistics comes not across the vast trans-Siberian railway, but by sea from the Baltic, Arctic and Black Sea ports, through the Red Sea, Indian Ocean, and the Straits of Malacca before arriving in Vladivostok. Additionally, the most significant and growing amount of Australia's trade with Japan comes from the iron ore ports and the aluminum smelters and the agricultural railheads fronting on the Indian Ocean. (10:8) Japan's trade relationship with Saudi Arabia, though, totals over \$30 billion or two-and-a-half times the amount Japan's trade with Australia. (11:8) The common denominator of this trade movement is the fact that virtually all of this commerce passes through the South China Sea.

The Straits of Malacca, the Lombok, Sunda and Makassar Straits are the economic lifelines of several nations and are as critical, in many respects, as the Straits of Hormuz by virtue of the number of nations that rely on trade through these waterways. (10:9) As the Editor-in-chief of Defence and Foreign Affairs, Gregory

Copley, stated,

56 It is the nexus of East-West and North-South pathways. It is one which can control strategic logistics and strategic naval traffic. If it comprised only empty islands and peninsulas the superpowers would find it vital. (10:8)

57 Given the possible, but presently unlikely, scenario that these strategic waterways were closed by a nation or nations hostile to the West, the economic life of several countries, would be disrupted. Even if these routes were never severed, the countries that rely on these waterways are nonetheless threatened psychologically and politically by their possible closure and subsequent dependence on presently undeveloped lines of commerce for food, raw materials, and oil for their survival.

 This vulnerability, in the South China Sea, would be heightened if the United States were unable to operate from bases in the Philippines while the Soviet Union continued its expansion of naval forces in the same area.

1 C. Political Factors-

2 The United States presently enjoys, in a broad perspective, solid economic and cultural ties with the Asia Pacific region. As Richard L. Armitage stated, ". . . the United States' demographic center of gravity has shifted westward and our people are becoming more attuned to and more engaged in activity in the Pacific. Asian-Americans are the fastest growing, and most welcome segment of the United States' population." (12:13)

Politically there are significant differences however, which point more to a parallel view on items of common interest than a combined focus. A case in point is Japan's present unwillingness to share more than an absolute minimum of the overall defensive requirements of the region. Although Japan is an economic giant; militarily they are at the other end of the spectrum.

Immediately following World War II, the Headquarters of Allied Occupation Forces ordered Japan to completely dismantle its military. This plan was itself dismantled after East-West antagonism intensified and Japan suddenly emerged as a western ally (13:13) with a potential deterrent capability. The Japanese had other ideas however. As political analyst, Keiichi Ito said,

3 The Truman Doctrine announced in 1947 indicated U.S. desire to establish Japan as a member of the western

camp. In connection with talks for the conclusion of the Peace Treaty with Japan, the U.S. asked Japan to rearm as part of its containment policy toward the Soviet Union, but the then prime minister Shigeru Yoshida did not comply. He, instead, chose to give top priority to the reconstruction of the Japanese economy . . . [and] fully rely on the tremendous U.S. military strength to defend Japan from any powerful foreign invader by concluding the Japan-U.S. Security Treaty. (13:13)

4 Japan continued with their policy of unarmed security until the outbreak of the Korean War, in 1950, at which time they came to the conclusion that their position was unrealistic. Subsequent developments, including enactment of necessary legislation and the appropriation of funds, led to the creation of the Japanese Self-Defense Force (JSDF). The JSDF was met with opposition, both at home and abroad, based on the fear that the JSDF would restore militarism to Japan. This fear, for the most part, was overcome through constitutional changes on the JSDF. Military action on foreign soil was forbidden as was the possession of ICBM's and long range bombers. Conscription was also banned. (13:16)

5 Political restraints have, over time, grown to restrict increases in JSDF force size and composition; specifically defense spending. Not since 1967 has defense spending exceeded one percent of Japan's GNP; however it was not until 1976, during the adoption of the National Defense Program Outline, that Japan formalized their defense

spending limit at no more than "one percent of the GNP". (13:18-19) The fact that Japan funds the JSDF as a function of GNP and not threat assessment is, of course, no more remarkable than establishing an arbitrary ceiling of one percent of GNP for defense. The Japanese have, as Keiichi Ito said, "put the cart before the horse." (13:22) Unfortunately, once a concept has gained acceptance in Japan, no matter what its origin, it develops its own momentum and limited defense spending is a case in point.

Even though Japan has been at peace for over 40 years, it has been the security shield, provided by the United States, with military bases in Japan and the rest of the Pacific basin, that has made that peace and their subsequent economic prosperity possible. This virtual defense passivity, and reliance on the U.S., has made few friends among Asia Pacific nations allied with the United States, who take a more active part in conventional defense of the region. The Republic of Korea, in particular, regards Japan's unwillingness to expand its defensive capabilities as a cover-up for selfishness. (13:30)

A number of Japanese leaders now understand the need to invest more in Japan's security; in fact, Tokyo is undertaking several actions to improve its capacity to defend its own territory, as well as its sea lanes, to a

distance of 1000 nautical miles from the home islands.

However, these programs have been discussed for years with little visible action. As Admiral William J. Crowe, USN, stated,

8 Japan must move forward to achieve--hopefully, within this decade--the necessary force levels to fulfill its laudable security goals. Japan's self-defense efforts are especially important, given the strategic and economic significance of the sea lanes of the Pacific and Indian oceans. Improvements in Japan's maritime defense capabilities would free U.S. forces to counter more distant threats which affect the security and stability of the entire Far East and the world beyond. (2:12)

9 Across the Tsushima Strait lies another critical U.S. ally, the Republic of Korea. Their rise from the turmoil of the fifties into the economic and industrial giant of today is a tremendous success story. U.S. exports to Korea, in 1984, exceeded the entire total of economic aid the U.S. provided from 1946 until the program ended in 1981. The Korean government, unlike Japan, is realistically concerned with its defense and annually spends twice the amount that the United States provides in military credits on American military equipment. (2:12)

Korea's potential enemies are clearly much closer than Japan's and constitute more of an immediate threat. Kim Il-Sung has been devoting between 20 and 25 percent of North Korea's GNP on strengthening its armed forces. This is in the wake of North Korea's second seven year plan

(1978-84), in which they achieved an average growth of only 4.5 percent, well below the target of 7.6 percent; and below the 9 percent of South Korea which, by comparison, spends only 6 percent of its GNP on defense. (14:53)

0 North Korean actions indicate dramatically the tension that exists between the two Koreas. The recent Rangoon bombing and the armed confrontation between North Korean and UN security forces when a Soviet diplomat attempted to defect highlight these problems. Additionally, in the recent past, two U.S. servicemen were killed by ax-wielding North Korean soldiers as they attempted to trim a tree in the DMZ that obstructed the view from the south. (14:51)

01 In the meantime, Kim Il-Sung has been preparing his son, Kim Jong-Il, for the first dynastic change-over of power in a communist state. Kim Jong, already Supreme Commander of the Armed Forces, is presently exercising control over the military, the party, and the administration, plus chairing Politburo sessions. Some political analysts believe that Kim Jong, being more unpredictable than his father, will endanger Asian peace if he succeeds to absolute power. There is a pervasive fear that Kim Jong will have to prove himself a worthy successor to his father by provoking a military confrontation with

South Korea. (14:53)

02 Given the strong North Korean influences acting to unify South Korea, they are nonetheless, not without devisive internal problems. South Korean President Chun Doo Hwan's government is deeply concerned about the student unrest that began with the seizure of the U.S. Cultral Center library in Seoul and continues with campus demonstrations. In addition, the opposition, the New Korea Democratic Party (NKDP), has moved for more democratic reforms, which the military-backed Chun regime has been reluctant to enact. The NKDP is also closely aligned with a more radical organization, the Consultative Committee for the Promotion of Democracy, a coalition of Parliamentary opponents. President Chun is, as Pacific Defence Reporter Contributing Editor, Robert Y. Horiguchi, stated, "bent on maintaining law and order at all costs, [and] is prepared to reimpose martial law should it become necessary." (14:53)

03 Further south, the ASEAN states are supportive in their commitment to a Western strategic posture in the region. Additionally, the United States has most of the strategic advantages. This is despite the fact that the United States curtailed much of its involvement in the region following the Vietnam war. The reasons for the ASEAN states' continued alignment with the United States are based

on the natural conservatism of the region fiscally,
religiously and politically; and because Vietnam's ambitions
are unknown. (10:10) As Gregory Copley stated,

4 In many senses it has been this Vietnamese
expansion, unbridled since the South fell to Hanoi,
which has transformed ASEAN from another of the score of
treaty groupings of the Indian Ocean and Pacific regions
into a bloc of remarkable strategic flexibility and
capacity. Perhaps the most remarkable thing about it is
the fact that it functions at all, given the historical
differences between the member states. . . . There are
strong ethnic divisions between the member states of
ASEAN as well as even stronger ethnic divisions within
the states themselves. Indeed, there is not even a full
identity of economic, political or geographic issues
among the member states. (10:9)

5 Although Japan, the Republic of Korea and each of
the ASEAN nations has several potential political problems;
both from internal and external, the Republic of the
Philippines is the most troubled. Additionally, because of
its strategic location, Philippine economic and political
problems have, potentially, a great effect on the security
of the Asia-Pacific region. These problems will be
discussed in the following chapters.

111. THE PHILIPPINES

A. The CPP/NPA and the Military-

The Communist turmoil that the Philippines is presently undergoing has its roots literally before the turn of the century. Marxism had adherents, although limited, among intellectuals, even before the outbreak of the Philippine Revolution in 1896. The "father of Philippine Communism", Crisanto Evangelista, established a Marxist-oriented union in 1906. Later, he founded an organization that would be the basis for the Communist Party. On 26 August 1930, the Partido Komunista ng Pilipinas (PKP) or the Communist Party of the Philippines was begun with the avowed goals of independence, agrarian revolution and improvements for workers. (15:18)

The PKP rose in power in the Philippines only after World War II when they joined forces with the Hukbong Magpapalaya ng Bayan (Huk). The Huk or Peoples Army of the Philippines were organized to fight the Japanese during the Japanese occupation of the Philippines. The subsequent alliance of the Huk and PKP was formed to counter "American-Filipino Nationalist-Collaborationist" political plans for the country. A rebellion, consisting of Huk and PKP coalition forces, operated in the late 1940s and early 1950s; however, this joint venture was put down by 1954 by

the Filipino Defense Minister, Ramon Magsaysay, through a dedicated counter-insurgency program helped by American economic and military aid. The PKP, recognizing they could not compete directly with the military in an armed struggle, adopted a more peaceful plan, emphasizing legal-parliamentary actions. (15:18) Nonetheless, their popular appeal and subsequent political appeal had been drained after their defeat. As Asian Defence Journal Contributing Editor, S. Bilveer, stated, "The PKP-Huk rebellion represented the most serious challenge to the Philippines since it gained its independence from the United States in 1946, and following the rebellion's failure, the Party became insignificant politically." (15:18)

4 The PKP is not the organization responsible for the present Communist rebellion in the Philippines however. That distinction belongs to the new Communist Party of the Philippines-Marxist-Leninist-Mao Tse-tung Thought (CPP). The CPP was founded on 26 December 1968 by Jose Maria Sison and eleven other members, after, in the words of S. Bilveer, "the PKP failed to provide strategic, theoretical and political guidance and it was said to have degenerated as a revolutionary party by preaching a parliamentary road to socialism". (15:20) Unfortunately, like the early days of the PKP, armed struggle was a major tenet and the result was

the New Peoples Army (NPA). This group was made up of Huk and PKP members and individuals from the Philippines' armed forces. (15:20)

15 The CPP ideology emphasized that the Philippines was a semi-colonial, semi-feudal state which resulted in the repression of the Filipino people. Two stages of political movement were outlined by the CPP with the first being the national democratic phase with the subsequent passage to the right taking them to the second or socialist phase. The national democratic stage consists of the overthrow of "United States" imperialism, feudalism and bureaucratic capitalism, the seizure of political power and its consolidation". (15:20) For an alternative form of government, in the Philippines, the CPP put forth a program consisting of several "reforms" which are contained in Appendix 1. (15:20)

Coincident with CPP views, the NPA sees three stages of armed conflict with the Philippine Army. The first, or strategic defense stage, has the NPA, although vastly outnumbered, opposing the strategic offensive of the Philippine Army while building a Communist foothold. The NPA is not limited solely to the defensive during this phase, however, as they are to engage in tactically offensive maneuvers, although on a minor scale. The second phase is

the strategic stalemate where both forces are essentially equal. The third and final phase is the strategic offensive where the NPH will force the government troops into a defensive posture because of their weakened and isolated positions. (15:20)

16 The NPH has been, as of late, remarkably attuned to fighting a guerrilla war. After experiencing major setbacks early on, including the loss of its leadership, the NPH instituted a workable, decentralized structure designed to optimize its strategy in the environmental, cultural and political conditions of the Philippines. By breaking its forces into small units with autonomous command, the NPH gained strength while expanding its operations throughout the islands. (16:828)

The Philippine armed forces, numbering 221,300 officers and men (60,000 Army, 28,000 Navy, 16,800 Air Force, 43,500 Philippine Constabulary and 73,000 Civilian Home Defense Force (CHDF) of which 10,000 are part-time) (17:37), enjoy a considerable numerical advantage over the NPH regulars, which are estimated to contain only 12,000 personnel. Nevertheless, the government troops are being mauled in the guerrilla warfare that characterizes this conflict. The Philippine government estimates that the Communist insurgency operates, in one form or another, in 60

of the country's 74 provinces (18:36) and the NPA has doubled in size from 1981. (19:33) As U.S. News and World Report writer, Robert Kaylor, stated,

27 How badly the Philippine government is faring against the NPA is shown by a report Lt. Gen Fidel Ramos made two months after being appointed acting military chief. He told President Marcos that clashes with the guerrillas increased 40 percent last year (1984) and that 70 percent of all firefights were initiated by the rebels. Military deaths rose 24 percent to more than 1,000. A like number of civilians, including officials, were killed in ambushes. "Our people are, in effect, sitting ducks," Ramos told the President. (19:33)

28 The military's lack of success in combating the NPA can be attributed to several factors, including their organization and make-up. As the Editor of Pacific Defence Reporter, Denis Warner, stated,

29 Although outwardly calm, the armed forces rumble with discontent. Many officers believe that radical changes are needed not only in the behavior of the forces, but in tactical operations against the insurgents. Others are deeply resentful that a primary qualification for appointment to the upper echelon of officers is personal loyalty to General Ver Ulhiet of staff and President Marcos, and that individuals from the President's home province get absolute preference.

As the problem of coping with the insurgency becomes more pronounced, major weaknesses in the armed forces equipment, training, pay and even clothing have begun to emerge. . . . boots and clothing that wear out often take months to replace. Rifles and small arms manufactured in the Philippines have proved sub-standard and are likely to jam. Inevitably, morale has become a cause for concern. (20:10)

30 The UNDF, the largest organization within the military and the most likely group to deal directly with the NPA, is the least prepared to combat the Communist

insurgency and is, in part, responsible for the NPA's recent success. Organized in the 1967-70 time frame to combat the NPA, LHDP personnel live and patrol in rural villages where there are no army combat outposts. LHDP personnel are trained for 30 days, by regular military units, in counter-insurgency operations, intelligence collection and reporting, marksmanship and small unit tactics. (21:16) After completion of training, they are sent to a rural area to protect the local population and combat the NPA.

1 The LHDP concept is a pragmatic approach to combating small guerrilla bands, however its application has been flawed. Numerous abuses attributed to the LHDP, including the brutal murder of an Italian missionary priest, Father Giulio Ravani, bring into question how they are recruited and trained, their meager salary (\$7.69 per month) and leadership. (21:16) Since their salary is too low for an average Philippine family to subsist on, the LHDP members often turn on the local population they are ostensibly protecting. Additionally, it appears that individuals with previous criminal records and others with little or no education are frequently recruited, by local authorities, in order to meet quota requirements. (21:16)

Since the LHDP is the "law", their abuses frequently go unreported and worse yet, unpunished. Given

questionable recruiting, training, salaries and tactics, it is small wonder that the CHVF is of little value or that some villages embrace the NPA for relief. Unfortunately, the NPA also "taxes" the local population for operating funds and is even less restrained in their use of force, frequently killing "offenders" on hearsay. Businesses are routinely destroyed, by guerrillas, when owners refuse to pay NPA "taxes". (18:36) Additionally, guerrilla units move freely in small communities, often brazenly burning city halls and government buildings, but nobody warns local officials. (19:34)

11. B. Philippine Economics-

12 The Philippines are presently undergoing an economic crisis that is more threatening to the political stability of the country than the Communist inspired insurgency. This calamity is taking place while the other countries of the Asia-Pacific region are enjoying economic prosperity and developing export-led economies that will subsequently lead to higher standards of living and movement into markets previously unexploited.

The origin of these problems can be traced back to the period following World War II when the Philippine government, unlike Japan, South Korea and Taiwan, failed to initiate land reform or develop an export-led strategy that would industrialize the country and eliminate underemployment. The government lacked, at that time, the political strength to eliminate the powerful rural oligarchy and direct money into rural areas for development. (22:29) Additionally, the government, as stated in Asia Pacific Community by R.H. Myers, "initiated policies counterproductive to economic development: overvaluing the peso [the Philippines' currency], imposing high tariffs to protect urban manufacturing, and undertaxing the cities while making the farm population pay for development projects." (22:29)

These problems were maintained by each succeeding president because the Philippine legislature was unwilling to act in areas that would affect their own livelihood, therefore impeding land reform legislation and the development of a more efficient manufacturing sector. These policies were continued until President Marcos declared martial law in 1972 and implemented the tenants' Emancipation Act, an economic modernization program which, among other things, transferred ownership to tenants cultivating a minimum acreage and expanding the activities of the Land Bank in providing loans. Loans not only for land acquisition, but to resettle farmers on other islands with credit to purchase high-yield rice, fertilizers and insecticides. The results of these programs was self-sufficiency in rice production followed by rice exports. (22:30)

These measures by the government stressed a new economic development strategy, emphasizing a free market and exports, however significant problem areas remained untouched. As R.H. Myers stated,

The manufacturing sector generally benefited from this [free market and export-led economic program], though many other enterprises had operated inefficiently far too long to enable them to take a major role in bringing the economy into the modern area. Furthermore, the government failed to reduce tariffs and force other manufacturers to become more efficient. As a result, conditions compelled the Marcos regime to pursue a

the urban manufacturing elite.

Between 1972 and 1974, the Philippines enjoyed its best economic development since 1945. But the level of economic growth was not sustained, and by the end of 1974, export prices were falling and the Philippines was sliding slowly into a severe recession. (22:30-31)

Unfortunately, instead of recognizing the declining state of the economy and enacting strong anti-recessionist policies, the government instead launched 11 costly new industrial projects: a \$765 million integrated steel mill, a \$484 million phosphate fertilizer plant, and a \$95 million petro-chemical plant. These were ambitious projects, but the timing could not have been worse as export earnings had fallen, yet the tremendous expenditures necessitated by these large projects required foreign loans. The path to economic ruin was clearly established for the Philippines when these programs were coupled with large amounts of private sector borrowing, during this period of recession. (22:32)

It was only in 1981 when the Philippines had slid into the worst recession since 1945, and leverage was exerted by the World Bank, that the government began to reduce tariffs and increase business taxes. Nonetheless, by June 1983, the World Bank reported that "the current account deficits of 5-8 percent of GNP which the Philippines has experienced during the last five years cannot be sustained indefinitely. . . . Fundamental structural changes need to

be made in the Philippine economy." (22:30)

7 In October 1983, the first of successive 90-day moratoriums on principle repayment began while the peso dropped 45 percent in relation to the dollar and the annual inflation rate climbed to 63 percent. (23:559) The gross domestic product declined by nearly 10 percent in the previous two years and stood at a level comparable with 1972. Foreign debt presently exceeds \$26 billion. (1:26) With his popularity dwindling as fast as his countries' financial reserves, Marcos finally acquiesced to external demands. As U.S. Assistant Secretary of State, Paul D. Wolfowitz stated,

8 We have seen acceptance of an IMF [International Monetary Fund] arrangement involving stringent austerity constraints--the essential first step toward resolving the financial crisis. In accordance with this program, the Marcos government has adopted such tough measures as budget cuts of roughly 50 percent overall, sharp limits on the domestic money supply, a floating peso, and broad new taxes.

Initial steps have also begun toward the structural reforms that will be needed to get the economy back on a path of sustained growth. Unless market forces are free to operate, particularly in key sectors of the economy such as agricultural production and marketing, the Philippine economy will never recover its full growth. It is the view of virtually all economists, including those at the World Bank and the IMF, that the Philippines must eliminate the barriers that currently block the full realization of their economy's inherent potential. (24:39)

9 Even with these programs, the Philippines need other measures. The most pressing problems are obtaining

new loans and rescheduling the huge existing external debt. Assuming the debt can be rescheduled, there will have to be sufficient capital on hand to meet the debt repayment demand.

1 C. Philippine Democracy and Marcos-

2 Americans viewing the Philippine political system
operate are generally derisive of the abuses that occur in
this version of democracy, forgetting for a moment that the
origins of Philippine democracy immigrated from the United
States with the Spanish-American War in 1898. The major
facets of checks and balances between the executive, the
legislature and the judiciary, the right of free speech and
a free press were emoraced; however, changes were soon made
to adapt this form of government to a country that had
already undergone over 400 years of Spanish rule. (25:290)
As the editor of Asian Affairs and former member of the
British Foreign Office, R.A. Longmire, stated,

3 These [rights] were all grafted on to a society
where . . . a relatively small number of prominent
families and the Catholic Church held a grossly
disproportionate share of the national wealth. The
secularization of society introduced by the Americans
ensured that the Church no longer helped to make the
political running, although it remained influential
behind the scenes. The oligarhic attitudes and methods
of government of the Spanish era however, were carried
over into the new regime. These, when allied to the
aping of the less salubrious aspects of American life
(e.g. pork barrelling, gangsterism, the use of the
gun) soon made Philippine politics a by-word for
corruption, nepotism and strong-arm tactics up to and
including murder. It is only perhaps fair to add that
the Americans were directly responsible for the
Philippines for a little over forty years--surely too
brief a time for the finer points of Western democracy
to become embedded in the Filipino
consciousness. (25:290)

4 This Tammany Hall-style politics, popular with

successful politicians and imitated by virtually every individual aspiring for local or political greatness, was not a part of the political campaign used by President Marcos when he was elected in 1965. Rather, he espoused a platform of nationalistic social reform, emphasizing economic and social development, land reform and centralized government. In his inaugural address, he stated that "our government is gripped in the iron hand of venality, its treasury is barren . . . its armed forces demoralized and its councils sterile." (1:29-30) Unfortunately, soon after election, this platform was abandoned and he began systematically molding the political scene to his desires while simultaneously descending into the more traditional values of Philippine politics.

5 Marcos was reelected to a second term in 1969; however, in 1972 he declared martial law in order to remain in power beyond the Philippine constitutional limit of two terms and ruled by decree for the next eight years while claiming to be a dictator with a social conscience. Additionally, he rushed his programs of land reform forward at the expense of his landed political opponents and extended his power to virtually every village, increasing his political machinery and establishing a larger class dependent on government patronage. In 1981 he relaxed his

50 martial law decree after having prudently passed a National Security Code and a Public Order Act to ensure his powers remained intact. (25:295) He subsequently won a presidential election against a minor opponent because the opposition had boycotted the election in response to his policies. In addition, he pushed legislation through for a constitutional amendment that increased his four year term to six years. (1:30)

51 This use of power, backed by the military, alienated Marcos from the other members of the ruling elite. Up to this point in time, Philippine politics, although not as democratic as perhaps desired, consisted of an orderly procession of members of the wealthiest and most influential members of Philippine society moving to the presidency, ruling for a number of years and then being replaced by another member of this same caste. This was accomplished through "democratic" elections, complete with balloting, polls and debate, but with the outcome determined in advance by bribes, cheating and intimidation. Nonetheless, these proceedings had all the trappings of a democratic election and were accepted by the majority of Philippine people as normal.

52 The replaced incumbent president remained powerful within this ruling sphere and sons and daughters of the

wealthy families married into "opposition" families creating a homogenized ruling class. Given the tremendous horizontal financial and social chasm that separates the ruling families from the vast peasant majority, the presidency became the "property" of the ruling class with virtually no opportunity existing for other members of society.

The fact that Marcos had been able to remain in office for such an extended period of time, above the protestations of the other members of the ruling elite, attested to the political power he had accumulated over his tenure. The murder of a returning exile in August 1983 however, changed that.

Benigno Aquino was the second most important political figure in the Philippines after Marcos when he was placed under military detention in 1972, after the declaration of martial law, on charges of murder, subversion and illegal firearms possession. His subsequent trial by a military tribunal, in November 1977, resulted in a guilty verdict and a sentence of death by firing squad. He remained imprisoned however, until May 1980 when Marcos allowed him to leave the Philippines in exile for a heart ailment and subsequent treatment in the United States. (23:852)

On 21 August 1983 he returned to the Philippines.

only to be murdered by a lone gunman, Orlando Galman, who the Philippine government claimed was a Communist assassin. This claim was greeted with skepticism in Manila although few people thought that President Marcos had anything to do with assassination. Nonetheless, the killing came as R.A. Longmire said, "an electric shock to the body politic . . . [and] the President's prestige plummeted . . . [while] Manila was awash with anti-government demonstrations." (25:294)

A Commission of Enquiry was established to determine the facts behind the assassination and the death of Galman, who was killed by government security agents moments after slaying Aquino. This commission was subsequently disbanded after a public outcry that its members were pro-Marcos. A second commission proved more acceptable and after ten months of hearings published its findings. The results, in a split decision, pointed to a variety of people including the Chief of Staff, General Ver, a close friend and relative of Marcos, who were indictable for the premeditated killing of Aquino and Galman. (24:295)

On 22 February 1985 Paul D. Wolfowitz made the following statement,

The Philippine people and their leaders, with much help from their friends and allies in the international

community, have made considerable progress since that tragic day in August. Perhaps most significantly, an independent investigation of Senator Aquino's murder has progressed methodically. The Agrava board appointed by President Marcos refuted the government's contention that Aquino's death was the work of a lone communist gunman and charged 16 military personnel with conspiracy to commit murder and eight others with participating in a coverup. All of these officials, including the Armed Forces Chief of Staff, General Ver, have relinquished their duties pending the outcome of a trial in a civilian court.

Those who believe in the rule of law can only praise the courage and statesmanship of those who have brought the case to this point. There are, sadly, few countries in the world where such thorough scrutiny of government actions would have taken place. (7:37)

0 The trial of General Ver and the others began on the same day Mr. Wolfowitz was speaking. Before a court normally used to try cases of corruption in the Civil Service with judges that were all Marcos appointees. (24:27) After eight months Ver and 24 other military defendants were acquitted. (1:31)

Although Marcos seemed to have found bottom dead-center in his economic and political policies, he nonetheless appeared incapable of being overtaken by events or other politicians. As R.W. Longmire stated,

1 The President's position is not perhaps as strong as it was, if only because the economy has been weakened, his own health is questionable and the opposition is more confident and more vociferous. Yet he cannot be dismissed by constitutional means so long as he controls the Assembly and retains the power to rule by decree. The loyalty of the Armed Forces leadership seems assured, cemented as it is by self-interest and ties of kinship to the Marcos family. The opposition groups and parties seem unable to combine together against him for

any appreciable length of time and, in any case, lack leaders of the requisite stature and personality. (25:296)

Nonetheless, the 22 February 1986, Philippine Presidential election displayed the vulnerability of President Marcos as he was defeated by Corason Aquino, the wife of slain opposition leader Benigno Aquino.

31 IV. SUBIC BAY AND CLARK AND THEIR ALTERNATIVES

32 Subic Bay Naval Base and Clark Air Base are the largest U.S. military installations located in a foreign country. Subic Bay is the primary support and logistics base for the U.S. Seventh Fleet while Clark is a vital operational and logistics base and electronic warfare facility. Under an agreement that expires in 1991, the U.S. leases the bases for \$180 million per year while, at the same time, injecting \$350 million into the local economy and providing jobs for over 50,000 Filipino workers. (1:53)

Originally, the bases were part of an agreement signed after the Philippines gained their independence, allowing the U.S. to operate the facilities for 99 years. In 1959 the term was shortened to 25 years subject to renewal or cancelation every five years. During discussions in 1979, Marcos demanded \$7.5 billion, but settled for \$700 million in payments for the five year period ending in 1991 and sovereignty over the bases. In 1985, Marcos stated that access should be regulated by formal treaty and that the U.S. payments should be quintupled when renewal talks begin in 1988. (1:55) President Aquino has stated publicly, however, that the current lease is valid until its expiration in 1991.

33 The Filipinos themselves have two opinions about

the bases. As R.A. Longmire stated, "On one hand, they welcome them for the security, and the income, which they provide; on the other, they view them as, in some sense, an affront to the national pride and harmful to their international image. The presence of the bases on Filipino soil has, for instance, so far prevented the admission of the Philippines to the Non-Aligned Movement." (25:294)

Although these bases are irreplaceable, the possibility exists that the U.S. will not retain access to Subic and Clark beyond the term of the present lease. The magnitude of both the Philippine economic troubles and the LRP/NPA insurrection may preclude rapid solutions to these problems. Unable to raise sufficient working capital to pay off the huge external debt or effectively equip and train the LUPF, to fight the LRP/NPA, the Philippine government may look to the United States for financial assistance. Financial assistance, however, appearing in the form of a new base lease agreement which the United States considers exorbitant and results in the U.S. having to vacate Subic and Clark.

14 The task then becomes the identification and build-up of suitable alternatives. Examining the Pacific region, it becomes apparent that no single site, equal to the Philippines' strategic geographic location, exists.

Japanese facilities, located at Yokosuka, are excellent, but crowded and have little room for expansion. Sasebo, to the south, is likewise a fine facility, but unlike Yokosuka does not have a supporting airfield. Expansion of Sasebo would be a very expensive undertaking in light of the necessity for an airbase. Moving further south to the west coast of Australia is attractive because of its proximity to the Indian Ocean. Fremantle is an excellent port, but existing facilities are limited and construction could be costly. In addition, the length of the supply lines from the west coast of the U.S. to Fremantle are excessive. Fremantle's location in relation to the South China Sea becomes a problem if the Straits of Malacca, the Lombok, Sunda and Makassar Straits are controlled by a country hostile to the United States. The resulting detour from Fremantle to the South China Sea would take several additional days. (26:64,65)

5 Turning to the northeast, Guam meets the requirements necessary for relocation of the functions of Subic and Clark and can be expanded. Guam has the best harbor in the Pacific between Manila Bay and Pearl Harbor and is within four days steaming time of the Straits of Malacca. The naval ship repair facility in Apra Harbor employed a force of over 2500 shipyard workers during the

Vietnam War, although today it is operating at less than half that capacity. Nonetheless, the facility has the equipment and machinery to rapidly expand to full operation. The equipment has been properly maintained despite the lack of repair requirements and is in excellent condition. Even though only a fraction of the labor force is presently working in the facility, it is estimated that a readily available force of 1000 skilled personnel live on Guam. (26:82-83) Additionally, Filipinos could be hired from the Subic Bay ship repair facility to augment this force.

Examination of other aspects of a proposed Guam facility indicate this area is prepared for an increase in operating tempo. The Guam naval supply depot currently meets the requirements for the existing air, surface and subsurface units and was originally designed for larger units than presently operate there. The facilities provide a sound basis for expansion and the personnel requirement could be easily augmented by a civilian force. Additionally, the naval magazine is currently operating under capacity and could handle the requirements of a carrier battle group. A new ammunition pier is under construction and existing fuel storage facilities will be increased in size by a factor of five if present plans are executed. (26:84)

One of four U.S. naval communications area master stations is located on Guam and provides coverage of the western Pacific and Indian Ocean areas. Agana Naval Air Station presently is home for two patrol squadrons and has the capacity to host a carrier air wing while still handling its present commercial airline tasking. The housing facilities would need to be expanded however, for home-porting the same force. Anderson Air Force Base, one of the largest U.S. Air Force bases in the world, is 15 miles northeast of Agana and the two bases are mutually supporting. (26:63)

After strategic location, the largest benefit to accrue from the use of Guam, something no other location in the western Pacific can offer, is that it is the most western extension of the United States; and therefore not subject to the whims of a foreign government. Expansion of the facilities or increases in base loading or personnel assigned would not require approval, negotiations or financial obligations (other than the project's actual cost) with another country. (26:63-64)

Although Guam offers some excellent possibilities, it is not the sole solution to the loss of the use of air and naval bases in the Philippines. "What is needed", states Commander W.D. Stewart, USNH, "are a number of

relatively low-cost, high-speed vessels that would maintain a constant presence in the islands of the Pacific. (27:47)

These low-cost vessels would be home-ported and operate in areas not frequently visited by the United States and would be primarily surface effect ships (SESS) and small combatants. Potential sites, offering fine port facilities and natural harbors, are Palau, Manus and American Samoa. Should maintenance problems arise that defy solution by the crew, these ports have access to jet capable airfields which would ease support logistics. (27:47)

Finally, another carrier battle group needs to be home-ported in the western Pacific. The United States presently has a single carrier home ported at Yokosuka, Japan. The addition of a carrier battle group at Guam would provide an increase in combat capability and a counter to Soviet expansion at Cam Ranh Bay.

Present Pacific carrier deployment schedules coupled with the Indian Ocean commitment leave little opportunity for battle groups to operate in the Pacific. With a primary commitment to the western Pacific, the Guam based carrier battle group would display a U.S. presence in the Pacific that has been lacking since the Indian Ocean tasking was originated. Periodic surges by additional carrier battle groups, and the SESS, would signal U.S.

resolve to remain a force in the region.

01 V. CONCLUSIONS

02 Present U.S. National Strategy is based on
deterrence and forward deployment. This is especially true
in the case of maritime strategy, given the relatively long
times necessary for transit across large oceanic expanses.
Naval forces operating from the Subic Bay Naval Base can
provide a response time measured in hours for surface
combatant movement into the South China Sea shipping lanes,
compared to several days from Guam. This dramatically
increased non-productive steaming time precludes an
immediate response by U.S. forces of overwhelming numerical
superiority in areas it considers vital.

East Asia has become an area of interest for the
Soviet Union. They have an excellent facility and airbase
in Vietnam and are negotiating for a similar arrangement in
North Korea. Although military facilities and weapon
systems do not an aggressor make; the attractiveness of the
sea-lanes of the South China Sea and the financial havoc
wrought if they were severed provide an opportunity for the
Soviets to go beyond a show of force.

10 Philippine financial difficulties and the CPP/NPA
insurrection may result in the United States losing access
to Subic and Clark. To counter possible Soviet aggression
as a result of the loss of these bases, the United States

must embark on an ambitious program. At the forefront of this program is the expansion of the naval, air, and support facilities at Guam for homeporting a carrier battle group. This force should routinely operate in the South China Sea and be augmented with periodic surges by additional carrier battle or surface action groups. Surface effect ships and small combatants are required in less visible areas to maintain a constant presence throughout the Pacific.

Nonetheless, the result of all these moves by the United States will be a net gain for the Soviets and their regional allies, Vietnam and North Korea. The cost of the alternatives to Subic and Clark, both financially and psychologically, is high, but the real losses are sustained by the United States' Asia-Pacific allies who do not possess sufficient strength, even collectively, without the United States, to respond credibly to Soviet sponsored aggression.

4 Taking the problem a step further, should the government of the Philippines fail to recognize the strategic importance of these bases to Asia-Pacific stability and lease them to the Soviet Union; then the entire region including Japan, Australia, New Zealand and the Republic of Korea would be under Soviet influence.

APPENDIX I

Partial Listing of Proposed LRP Reforms

1. The overthrow of "joint dictatorship of the comprador La native agent for a foreign business, who has charge over the native workers; big bourgeoisie, the landlord class and the bureaucratic capitalist" and the establishment of a People's Democratic state.
2. The destruction of "foreign aggressor troops, puppet troops and murder gangs" and the establishment of the NPH as the mainstay of the People's Democratic state system.
3. The promotion of self-reliance in economic affairs.
4. The confiscation of all property belonging to the "capitalist, exploiting classes and traitors".
5. The nationalization of all enterprises, raw materials and sources of power.
6. The establishment of a socialist state sector of the economy.
7. The distribution of landlord's land.
8. The establishment of cooperative enterprises.
9. The establishment of a free education system.
10. The propogation of a "revolutionary nationalist culture" and the repudiation of "decadent culture of colonialism, imperialism and neo-colonialism".
11. The international struggle against "U.S. imperialism, soviet social imperialism and all reactionaries under the great principle of proletariat internationalism".
12. The opening and maintenance of diplomatic and trade relations with all countries which respect the sovereignty and territory of the Filipino people.

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